

The Honorable J. Dennis Hastert  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Speaker:

At the direction of the President, I am pleased to notify the Congress that the United States is engaged in negotiations to strengthen, and extend, as well as establish new, trade agreements under the auspices of the World Trade Organization (WTO). This notification is in accordance with section 2106(b)(2)(A) of the Trade Act of 2002.

Last November, the United States played a key role in launching a new round of world trade negotiations as part of the WTO Doha Development Agenda. We will use these negotiations to open markets around the globe for American workers, farmers, and companies, with special emphasis on creating new export opportunities in agriculture, manufacturing, and services. In August, when Congress gave the President Trade Promotion Authority, it sent a clear signal around the world that the United States is again prepared to lead the world toward a more open, global marketplace.

We will bring home a set of world trade agreements that enhances economic growth and prosperity in the United States and its trading partners (especially in the developing world, most notably in Africa) by reducing and eliminating barriers to trade. We will also be seeking to strengthen the multilateral trading system and improve the operation of the WTO. In close collaboration with the Congress, we have already tabled substantial proposals to free up trade in services and agriculture, inject greater transparency into WTO procedures, and resolve a remaining issue for poorer countries that may need compulsory licenses for medicine to deal with epidemics, like AIDS.

Our specific objectives for the WTO negotiations are as follows.

- *Trade in Agricultural Goods:*
  - Seek to substantially reduce, and then eliminate, tariffs on agricultural products, including in-quota duties and other duties and charges, in a manner that narrows disparities in the tariffs that WTO members apply to those products, while providing reasonable adjustment periods for tariff reductions on import-sensitive

products.

- S** Seek to have WTO members increase substantially the quantity of agricultural products subject to the lower rate of duty under tariff-rate quotas (TRQs) and strengthen disciplines on how members administer their TRQs.
- S** Seek to eliminate the WTO's special safeguard mechanism for agricultural products and to establish rules that permit WTO members to improve import relief mechanisms in a way that accommodates the unique characteristics of perishable and cyclical agriculture products, while preventing abuse of such mechanisms.
- S** Seek to eliminate export subsidies on agricultural commodities.
- S** Seek increased transparency in the creation and operation of export credit, export credit guarantee and insurance programs and rules that limit the use of export credit programs for agricultural products, in order to prevent circumvention of WTO disciplines on export subsidies, while preserving the viability of *bona fide* export credit programs.
- S** Seek to eliminate export taxes on agricultural goods, subject to a limited exception for developing countries that use these taxes to raise revenue and that meet certain other conditions.
- S** Seek to simplify WTO rules governing domestic support.
  - Seek to reduce substantially, and then eliminate, trade-distorting domestic support in a manner that addresses the current disparities in the negotiated levels of trade-distorting support among WTO members.
- S** In priority agricultural sectors, seek to have WTO members reduce their tariffs and levels of trade-distorting domestic support below that otherwise established for agricultural products.
  - Seek stronger disciplines on agricultural state trading enterprises (STEs), in particular by requiring WTO members to eliminate exclusive import and export rights for STEs, end certain special financing privileges for these enterprises, provide more information on the activities of, and special rights or privileges they accord to, STEs and to require STEs to provide information on their operations.
- *Trade in Industrial and Other Goods:*
  - S** Seek to reduce or eliminate tariff and non-tariff barriers to U.S. exports, with

particular focus on priority export products and markets.

- S** Seek to have more WTO members participate in existing sectoral agreements to eliminate tariffs, e.g., the Information Technology Agreement, and harmonize tariffs, in particular in the chemical sector, and to seek new agreements to eliminate tariffs in other sectors of interest to U.S. exporters.
- S** Seek to obtain competitive opportunities in foreign markets for U.S. textile and apparel products that are substantially equivalent to those afforded exports to the U.S. market.
- S** Seek to obtain competitive opportunities abroad for sales of U.S. civil aircraft that are substantially equivalent to those in the United States and expand membership in the WTO Agreement on Trade in Civil Aircraft.

- *Trade in Services:*

- S** Pursue further commitments from WTO members to open their markets in virtually all service sectors, including professional services such as accounting, engineering, architecture, and legal services; computer and related services; advertising; telecommunications services; audiovisual services; express delivery services; construction services; wholesale, retail, and franchising distribution services; educational and training services; environmental services; energy services; financial services, including insurance, banking, securities, and other financial services; and tourism services.
- S** Seek these commitments across all four GATS “modes of supply” in particular services supplied: 1) from the United States to other markets by electronic or other means; 2) through a “commercial presence” that U.S. services firms establish in other markets; 3) by individuals who travel from the United States to provide services in foreign markets; or 4) to foreign consumers who travel to the United States, as well as commitments to reduce and eliminate unreasonable barriers to U.S. services and service suppliers
- S** Seek to establish new disciplines in the WTO *General Agreement on Trade in Services* (GATS) that will require WTO members to regulate services in a more transparent and predictable manner.

- *Trade and Intellectual Property Rights:*

To further promote adequate and effective protection of intellectual property rights:

- S** Seek full implementation of the WTO *Agreement on Trade-Related Aspects of Intellectual Property Rights* (TRIPS Agreement) in a manner consistent with and

respecting the Declaration on the TRIPs Agreement and Public Health.

- S** Seek to secure strong enforcement of intellectual property rights and to ensure appropriate levels of protection and exceptions relating to the use of trademarks and geographical indications.
- S** In conjunction with WTO negotiations on trade in goods and services, seek to secure fair, equitable and non-discriminatory market access for U.S. persons who rely upon intellectual property protection.
- *Electronic Commerce:*
  - S** Seek to have WTO members endorse principles that will lead to the continued development of e-commerce and economic growth.
  - S** Seek to affirm that WTO members will allow goods and services to be delivered electronically and seek to ensure that WTO members do not unjustifiably discriminate among products or among services delivered electronically.
  - S** Seek to obtain greater market access for U.S. products and services delivered electronically, including a prohibition on the application of customs duties to electronic transmissions.
- *Trade Facilitation:*
  - S** Seek new and strengthened WTO rules to facilitate U.S. exports crossing borders of other WTO members, so that WTO members conduct their customs operations with transparency, efficiency, and predictability and seek to ensure that customs laws, regulations, decisions, and rulings are not applied in a manner that would create unwarranted procedural obstacles to international trade.
  - S** Seek to have WTO members reduce costly and unnecessary administrative burdens associated with border-crossing requirements for U.S. exports in particular practices that have a disproportionate effect on small- and medium-sized U.S. enterprises.
  - S** Facilitate WTO members' efforts to improve their regulatory efficiency and administrative capabilities in achieving compliance with applicable border requirements, such as duty collection or enforcing their health, safety, and environmental regulations..
  - Seek to complete the harmonization of non-preferential rules of origin in a manner that facilitates trade rather than creating and applying burdensome importing requirements.

- *Trade and Investment (If negotiations are initiated on this subject):*
  - Seek to ensure that U.S. investors receive treatment as favorable as that accorded to domestic or other foreign investors in other WTO members and to address unjustified barriers to the establishment and operation of U.S. investments in the territory of other WTO members; and
  - Seek to establish rules that provide transparency regarding investment regimes in other WTO members.
- *Government Procurement:*
  - Seek an additional agreement, applicable to all WTO members, that enhances transparency and helps prevent corruption by setting minimum requirements for government procurement regimes, in particular that WTO members: 1) have transparent procurement procedures; 2) publish their laws and regulations governing procurement; and 3) publicize procurement opportunities in a manner that enables suppliers of other WTO members to compete for contracts.
  - Seek to revise the *WTO Agreement on Government Procurement* (GPA) to streamline procurement procedures that GPA signatories can apply consistent with the GPA and encourage additional WTO members to accede to the agreement.
  - Seek to have other GPA members expand the range of products and government entities they subject to GPA disciplines and to have them eliminate discriminatory and other unfair measures that impair access by U.S. suppliers to their procurement markets.
- *Competition Policy:*
  - Seek to ensure that work in the WTO on trade and competition policy plays a constructive role in furthering the development of a culture of competition among WTO members, such as through developing a peer review process to promote sound antitrust policies among members.
  - S** Seek to ensure that work in the WTO on trade and competition policy does not undermine U.S. antitrust laws and the effective enforcement of those laws, and that U.S. antitrust enforcement decisions are not subject to WTO dispute settlement procedures.
- *Transparency/Regulatory Reform:*
  - Through negotiations across a range of trade subjects, such as services, trade

facilitation, and non-tariff measures, seek to make the administration of other WTO members' trade-related measures more transparent, and pursue rules that will permit timely and meaningful public comment before other WTO members adopt trade-related measures.

- *Labor, including Child Labor:*

- S** Seek to expand cooperation between the WTO and the International Labor Organization (ILO), in particular by building upon the work now under way in the ILO's World Commission on the Social Dimensions of Globalization to promote policy coherence between international economic, trade, and social policies.

- S** Seek to promote respect for worker rights and the rights of children consistent with core labor standards of the ILO and an understanding of the relationship between trade and worker rights.

- *Regional Trade Agreements:*

- S** Seek to clarify and improve WTO rules regarding regional trade agreements and WTO procedures for reviewing compliance of these agreements with WTO requirements.

- *Trade and the Environment:*

- S** Seek to ensure that the results of WTO negotiations appropriately reflect the principle of sustainable development by identifying and considering environmental implications of proposed agreements during the course of negotiations.

- S** Pursue practical means for making international trade and environmental policies mutually supportive, including by seeking to increase the extent to which WTO bodies and secretariats of multilateral environmental agreements (MEAs) cooperate and collaborate and seek to improve understanding of members of both types of agreements regarding the relationship between WTO rules and MEA trade obligations.

- S** Seek increased market access for U.S. environmental goods and services.

- S** Promote capacity-building in trading partners to protect the environment by increasing the availability of such environmental technologies.

- *Fisheries Subsidies:*

- S** Seek to clarify and improve WTO subsidy disciplines to more effectively address environmentally harmful and trade-distorting fisheries subsidies.

- *Border Taxes:*
  - S Seek to revise WTO rules regarding border adjustments for internal taxes so that indirect and direct taxes are treated similarly.
- *Trade Remedy Laws and Disciplines:*
  - S Preserve the ability of the United States to enforce rigorously its trade laws, including the antidumping, countervailing duty, and safeguard laws, and avoid agreements that lessen the effectiveness of domestic and international disciplines on unfair trade, or that lessen the effectiveness of domestic and international safeguard provisions.
  - S Seek to ensure that WTO panels and the Appellate Body give appropriate deference to the fact-finding and technical expertise of national investigating authorities.
  - S Seek to address and remedy market distortions that lead to dumping and subsidization.
  - S Seek to clarify and strengthen subsidy rules in the *WTO Agreement on Subsidies and Countervailing Measures* (SCM Agreement).
  - S Seek further codification in the SCM Agreement of subsidy calculation methodologies.
  - S Seek to maintain vigorous and effective disciplines on subsidies practices with respect to civil aircraft products under the SCM Agreement and to have other WTO members make their subsidy programs in the civil aircraft sector more transparent.
  - S Seek to improve and clarify disciplines governing antidumping and countervailing duty proceedings so that other WTO members bring their standards of transparency and due process in those proceedings up to U.S. standards, and other members do not abuse their laws to restrict U.S. exports.
  - S In conjunction with work in the WTO negotiations on agriculture, seek to improve import relief mechanisms to recognize the unique characteristics of perishable and cyclical agriculture.
- *Dispute Settlement:*
  - Seek to improve and clarify the *WTO Understanding on Rules and Procedures Governing the Settlement of Disputes* to make WTO dispute settlement procedures more transparent, effective, and fair.

**S** Seek to ensure that WTO panels and the Appellate Body resolve disputes based solely on those rights and obligations to which the parties have agreed.

As we pursue the overall and principal U.S. negotiating objectives and priorities set out in the recently enacted Bipartisan Trade Promotion Authority Act, the United States will also seek to ensure that WTO agreements continue to take into account other legitimate U.S. objectives including, but not limited to, the protection of legitimate health or safety, essential security, and consumer interests.

We have agreed with our trading partners to conclude the WTO negotiations, across the full range of issues, by January 1, 2005. Working together with the Congress, I believe we can meet that deadline and reach agreement on a set of global trade agreements that will create substantial new economic opportunities for America's farmers, workers, companies, and consumers. The Administration's ambitious agenda of bilateral and regional free trade negotiations with a wide range of U.S. trading partners will add impetus and momentum to the WTO negotiations.

We look forward to continuing our collaboration with the Congress as the negotiations progress.

Sincerely,

Robert B. Zoellick